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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

FOOD FACTS AND FANCIES

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Conf. for Penn. Fed of Women

I'm most impressed with your conference theme, "Bridges to Understanding."

It seems to me that it's particularly pertinent in today's world for we need many more and better bridges to understanding. We need to improve those we have and to plan others. Some of these may take decades to build; others may take a lifetime--or even more.

Undoubtedly, there are many reasons why we need more and better bridges to understanding. But one that seems important to me is that we are a far different country and world today than we were just two decades ago. Probably more changes have taken place since World War II than during all the earlier years of this century. The technological revolution we have witnessed has changed all our lives--and we have taken it in our stride. We have adapted readily to TV, push-button living, air-conditioned homes and cars, and even private planes and speed boats. But, this advance in technology has taken place so fast that our social adjustments have not been able to keep pace. Our understanding of this new society has moved slowly--has been difficult--we are way behind in this respect. We have found it easier to orbit the earth than to solve some of our social, economic, and political problems.

Technical developments have reduced the size of our country as well as the size of the world. Happenings on the other side of the world are headlines the same day in our morning newspaper. The understanding of these--the why and what to do about them--proceeds slowly, almost at a snail's pace. There is a great need to build, within our own country and among nations of our world, bridges of understanding between age groups, between social groups, between our governments and our people, and between our people and governments and those of other lands.

Among nations, with great differences in cultural backgrounds, religions, mores, and stages in development, there are a multitude of bridges of understanding that must be built. In this family of nations, strong members must be very understanding

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Remarks by Trienah Meyers, ~~Staff Assistant to the Administrator~~, Economic Research Service, at Annual Conference for the Pennsylvania Federation of Women's Clubs, Pennsylvania State University, University Park, Pennsylvania, Wednesday, July 19, 1967.

and may have to assume more than their share of responsibility at first. But there must be more than a father who gives all--a mother who forgives all--. There must be cooperation and understanding among its members. As in any family group, there must be a gradual growing up and acceptance of responsibility by those smaller and younger.

Because of the rapid changes in this world and even in our outer world, we need to stop, look, listen, and take stock. We have traveled so fast, technologically, that we haven't taken time to really evaluate the impact of all of this on people. And, this we must do. We must be alive, alert, and awake to how these changes have affected us today and how they are likely to affect us in the future.

This is the broad picture, the big bridges to understanding that we must not lose sight of. They may seem far removed from an individual, so let's take a look at some of the smaller bridges that need to be built--those closer to home and the individual.

Before I talk about Food Facts and Fancies--or how Foods Go to Market--I'd like to say a word about our economy. I believe that we all need to know more about how it functions--about

- What has made us a great nation.
- Why we have one of the highest standards of living in the world.
- Why more of our people have more discretionary spending power than ever before.
- Why more families are able to own or are buying homes.
- Why we have more leisure and do more traveling.

But, probably equally or even more important is--

- What is needed to keep us going in the right direction, and
- What our individual responsibilities are toward our economy to help keep it strong.

We have come to accept our country as it is today as normal--nothing unusual. Some consider it their right to enjoy these gains without any feeling of responsibility toward them. Our younger people--and this is 50 percent or more of our population--have known nothing but this way of life--life in an affluent society--

- Where wants come first.
- Where boredom sets in quickly.
- Where it takes a startling new discovery to excite an almost blasé younger generation.

Why do we seem to take all this for granted?

Where are we going from here?

I'd like to use our food system, which is a step still closer to us, to illustrate some of the points I have made--to discuss what has been happening during the last two decades to foods on their way to market--to take a look at some of the facts and fancies related to food buying and food prices.

I wonder how many of you have ever stopped to consider how much food we eat in a year--or, even how much just one family of four eats? In 1 year alone, food eaten by our 198 million Americans would fill 8 freight trains with each train stretching all the way from New York City to San Francisco. It is equal to 2 1/2 tons of food a year for an average family of four. And this food has to be moved from farms to a supermarket so a family shopper can have--

The food she wants--

Where she wants it--

When she wants it--

In the form she wants it--and--hopefully--

At a price she considers "reasonable."

Think how this task is compounded for a supermarket manager. This family shopper is only one of his customers. Others may differ in their wants because of the amount they can or want to spend for food, the kind and qualities of food they like, the amount of built-in maid service they want to buy, the size of their family and the ages of their children. I could cite still other differences among demands of customers even within the area served by one supermarket, and the array of differences is great. This manager cannot cater to the desires of only one family or even to the so-called "average" family. He must try to please his present customers and, in addition, present a package of foods and services so others will want to shop in his store. This is a big job--but it still is only a part of what is done by our efficient and world-famous production and marketing system.

Think of all the people who are involved in one way or another in getting this food to the family shopper and to away-from-home eating places. Farmers, assemblers, truckers, processors, wholesalers and retailers--all working together, with each group making its own special contribution. Then add to this others who

supply these people with tractors, trucks, processing and packaging equipment, cartons and bottles, and the 11 million shopping carts which, if placed end-to-end, would reach from Chicago to Paris.

All of these workers together have provided us with a wide variety of "seasonal" foods the year around along with foods that reach our kitchens in new and appealing forms--foods of high quality, packaged for more economical distribution, easier storage, and protection from spoilage and contamination.

Yet, today, most of us seem to take for granted all of these things that are done for us. Even some of us who have reached--or passed--the age where "life begins" have forgotten about the day when a fresh orange in the Christmas stocking was a real treat.

--We have forgotten about all the hours that were spent in "putting up" the vegetables and fruit needed during the winter--about stocking bins in the cellar with apples and potatoes to last until spring. We have forgotten about how many of these potatoes were shriveled, sprouted or spoiled by spring and had to be thrown away before the "new" ones came to market.

--We have forgotten how we shopped almost everyday--about the treks to the bakery, the corner grocery where baskets of lettuce and other fresh produce were often left sitting in the sun, the butcher shop with sawdust on the floor and beef hanging uncovered, unrefrigerated, at the side of the store.

Many of us who can remember these days tend to recall only those things that look good to us from this distance--like the prices we paid. Many wonder--and sometimes very vocally--why we have to pay more now for steak than we did in 1935.

We do pay more for most foods today than we used to. But, since our incomes have gone up faster than prices, we are spending a smaller share of our take-home pay for food than ever before in our history. Today, our average disposable personal income--or what we tend to call our take-home pay--is about six times as large as it was in the mid-thirties. It has gone up more than twice as much as the prices of things we buy. This is one of the important reasons for the vast improvement in our standard of living. One reason why we have more money left

over after supplying our basic needs to buy other things we like to have--homes, cars, and vacation trips.

Statements in newspapers last fall indicated that many consumers see little, if any, relationship between incomes and prices. Their incomes should go up, but the prices of things they want or have to buy should stay the same. For example, a homemaker may not understand that when her husband gets a raise in salary this becomes part of the product or service he supplies. This may increase the cost to the buyer unless efficiencies offset some or all of this added cost. If consumers stop buying the product or service because they think the price is too high, her husband may be out of a job.

Gains in "purchasing power" or what we can buy with our take-home pay have not always proceeded at a uniform pace. At times, wages have gone up faster than prices. Most of us like this, for then we can buy more of the things we want. But this creates additional demands, and if there are not enough products to satisfy these demands, prices go up. We, then, may be in a period when prices tend to go up faster than income. We don't like this situation as well and call it inflation.

In both of these types of situations, an individual or a family may be affected differently from the so-called "average." A family whose income doesn't go up notices increases in prices more than the one getting a raise or promotion. Extra pressure is put on our pocketbooks too if wages stay the same and the family grows larger and older. If one is retired, any price rise, whether in rent, medical bills or food, is noticed.

As with other things, prices of food change. In part, this is because the amount paid for labor and materials becomes part of the cost of the item produced. Prices of the tractors farmers use have gone up in price over the years. The cost of equipment used by processors, wholesalers and grocers has gone up too. Added to this are the wages of workers all along the line, though theirs have not increased as much as wages of employees in many other kinds of jobs.

But more than this has happened. During the last two decades, we've seen the production, processing, manufacturing and distribution of foods become more efficient. This has meant more things from which to choose at a lower cost per item than otherwise would be the case.

Overall, prices of most foods have been "reasonable" and, at times, a "bargain" in terms of our take-home pay. Often we don't think so for we tend to want the prices of "necessities" to stay the same so we can buy other things to satisfy our yearnings.

- Why is it that we seem particularly sensitive to changes in the prices of food?
- Why do we protest so vehemently when some foods go up a penny or two while other things we buy may have increased dollars?
- How much do we really know about food prices--about what our food bills actually are?

I'm sure you homemakers can give me a wide range of answers to these questions. But, for the moment, let me give you some of our observations based on letters we receive.

One observation is that family shoppers seem to be more aware of increases than decreases in food prices. You may say that this is fine--a family shopper should be--this is her job. But what seems to happen is that she remembers the high prices and doesn't balance them out over time when prices go down. It is normal for prices of many foods to fluctuate--season to season-- from week to week.

But, you may say, prices did go up last year, and the women were quite vocal about it! Yes, food prices did go up last year. Until August, they increased at a faster rate than has been usual in recent years. And, during these months, each time the Food Index ^{1/} went up, it made the headlines. This served to accent price rises and, for some individuals, it accented them to the point that when newspapers now say that the cost of living has gone up, they subconsciously blame food. A friend of mine told me a short while ago she "knew" food prices had not gone down this past winter and spring because she had read that the cost of living had increased.

Even last fall when some housewives were protesting, the prices of some very important foods in family purchases were already on their way down. In October--

- 36 of the 87 foods priced by BLS were lower than they were in March (1966);
- 30 were cheaper than in September; and
- 14 were lower in price than the same month the year before.

^{1/} Bureau of Labor Statistics.

I don't believe that enough of our family shoppers fully understand what the BLS indexes represent--take the Food Index, for example. This food index is made up of two components--the index for "food away from home" and for "food at home." These two components have behaved quite differently. In fact, since 1957-59, the index for food away from home has risen around 2 1/2 times as fast as the index for food at home--or as we probably think of it--food at the grocery.

To arrive at this index of changes in prices of food at the grocery, the same list of foods is priced on one day of each month in a sample of grocery stores in selected cities around the country. These prices are used with specified quantities of food to arrive at an overall cost figure. Differences from month to month in these costs indicate the direction prices are going--which is the chief purpose of an index.

It is most unlikely that a family shopper would buy the same quantities of these same foods each week even during one month, and certainly not again the following month. And, of course, it would be even more unlikely that all families would do so. It is just as unlikely that these foods would be the same price in your store every day of the month. These indexes serve the important function of showing price trends. They are not designed to show the prices in a particular supermarket, during a specific week, or on a certain day.

Let's see how some of these indexes have changed since 1957-59. As of May this year, the most recent data we have, the Food Index had risen 13.9 percent since 1957-59. Food away from home had increased 28.7 percent, while food at the grocery had risen by only 10.9 percent. By comparison, during this same period, medical care was up 35.7 percent; prices of footwear had increased 25.2 percent; and public transportation was up 30.9 percent. The index for "all items" together--or the overall increase in the cost of living--had risen 15.6 percent. Only fuel and utilities, household furnishings and operations, and women's and girls' apparel and upkeep had risen less than food at home.

Another observation as to why shoppers appear to be particularly sensitive to price increases is that food seems to be the one big item that isn't automatically built into the budget. We commit ourselves to monthly payments for rent or for a house mortgage, the family car, maybe even two cars, the washing machine, the set of encyclopedias for the youngsters, and other consumer items. We allow for insurance coverage, hospitalization, doctor and dental bills. These are budgeted expenditures, and we tend to pay for them by check.

Food, on the other hand, we usually buy for cash. And many times, and probably for most of us, it's the cash left over after other commitments have been met. If this remaining cash won't stretch far enough each week to include favorite foods, we may blame the price of food.

I'm inclined to think too that homemakers have a price range in mind when they shop. If the price of bacon, to take just one item, goes above this mental price ceiling--because of short supplies--then the homemaker is reluctant to buy. If the price falls to an unusual low because of abundant supplies, she will buy more but may not stop to think what a bargain it is.

Food prices are "high" or getting there when they push this mental price ceiling and "normal" only when they go down. For items like fryers, she may consider the "special" price the regular price. Yet, the store may be using these as loss leaders, selling them at or even below cost on that particular day. I wonder how many of us would be willing to buy eggs, incubate them to raise little chicks--then feed these chickens for months, kill them, remove the feathers, head, feet, and entrails, wrap giblets in absorbent paper, insert these into the inner cavity, put the cleaned chicken in a plastic bag and get it to the retail meat counter for from 24 to 29 cents a pound--for less than \$1 for a 3-pound ready-to-cook chicken?

While I'm talking about chicken, I'd like to digress a bit and discuss some of the comments we get about the packaging of meat. From time to time, we get letters objecting to the current practice of prepackaging meat. Some homemakers would like it cut-to-order, others think packaging adds to the cost.

I believe that, today, most supermarkets do cut meat to order if a family shopper asks for it. But, let's just assume there is no precut, prepackaged meat available. Can you imagine what it would be like on a Saturday if every shopper had to wait to have meat cut to order? Imagine a hundred customers waiting in line while one shopper tells the butcher

- the cut of meat she wants,
- the grade of meat she wants, and
- the quantity she wants.

Then the butcher would have to

- go to the refrigerator and bring out part of a side of beef,
- try to slice a piece of meat so it will weigh the amount specified,

- get the customer's approval of what he has done, and, then,
- he still would have to wrap it.

Such a line would only inch along--be much slower than at any check-out counter--unless more meat cutters were hired. And butchers are among the highest paid employees in a supermarket.

Going back to food costs, there's another thing that tends to make it difficult for us to know precisely what we spend for food. This is because, on any one shopping trip, there can be quite a difference between the supermarket bill and the food bill. In today's supermarkets everything is displayed side by side. And, everything includes all the things that get added to the grocery bill that aren't foods at all--laundry soap, floor wax, children's socks, even hi-fi records and encyclopedias. About 20 percent of the average grocery bill--the bill we tend to think of as the family food bill--is made up of items to wear, or read, or listen to, or clean house with. We certainly don't eat them. I know I was surprised to find that we buy through the supermarket about 90 percent of all the cat and dog food sold, more than half of the toothpaste, half of the aspirin, and now nearly half of the hair spray. We spend about the same amount in grocery stores for dog food as we do for canned baby food. We spend more for three products--canned and bottled beer for off-premise consumption, cigarettes, and pet foods--than we do for fresh beef.

We find too that frequently homemakers compare what they are spending this year with last without considering changes in the family itself. There may have been an addition to the family. Or, that son may have reached the "everlastingly hungry" stage. Let me give you an example of this: When a couple is first married, they may spend about \$20 a week for food. The first child adds around \$3 a week to the bill. This jumps another \$4 with a second child. If the two youngsters are teenage boys the family is likely to spend around \$40 a week for food--about twice what it cost the couple. This change in cost, as figured, is due only to increases in the quantities of food needed by each member of the family. 2/

And, again, I believe older homemakers who started their household shopping during the drepression years are more likely to think prices are high than those who started during the fifties and sixties.

Frequently, it seems that price is the determining factor in buying food. But, there should be more to it than that. We all want to be good shoppers, but good

2/ Based on costs given for the moderate-cost food plan, Family Economics Review, June 1967.

food buying must be more than price--we must think of our family needs, about the food they like. And, remember that the amount we spend for food depends on many things. In general, it is influenced by

- the size of our paycheck,
- the number in our family,
- how old each member is,
- how much we entertain,
- how important food is to us in relation to other things we need or want, and
- the general level of prices.

Now, for a moment, I'd like to talk a little about our young family shoppers as they are today and are likely to be tomorrow. For as you say, "Tomorrow is almost here."

It's difficult for some of us to realize that over half of our population is under 28--that three out of every four Americans living today are too young to remember World War I. That nearly two-thirds of us were not yet born when the stock market crashed in 1929! And, most amazing to me, is that to nearly a half of our population the Korean War is ancient history! This means they've been growing up during the period of greatest prosperity--and technological innovation--in our history.

The "under 30's" have a different attitude toward needs and wants than their parents and grandparents who grew up in the prewar and "flapper" eras. In general, these "under 30" homemakers have more formal education than their elders, are more sophisticated, marry younger, move around more, and tend to have better incomes earlier in life than former generations. They demand more conveniences--in fact, many of these are necessities, not luxuries.

Today's young homemakers have always shopped in supermarkets with from 6,000 to 8,000 or even more items from which to choose. They can and do select from a variety of precooked, prepackaged foods--processed potatoes, TV dinners, oven-ready pizzas, prepared cake mixes, brown-and-serve rolls. Studies have shown that these homemakers are among the heaviest users of such items. And, they especially like to try "new" ones.

Our young shoppers take for granted the fringe benefits provided by supermarkets--parking, check-cashing service, air-conditioned comfort in summer, loudspeakers to report lost children, sample demonstrations of new foods. The only supermarkets they have known specialize in selling a market basket of services along with their products.

These young families are not always good managers of their finances--at least, not at first. I've been told by some newlyweds and young marrieds that they had a few real "shocks" when they first started out. For one thing, they found out that two can't live as cheaply as one--especially when they've both been living at home. There was a shock, too, when they tried to furnish their own apartment with all the things they'd been accustomed to at home--to do all the social things that they had done while dating--and, to try to do all this on one salary--or at best two salaries without any help from Mom and Pop. It was the first time that some of the young people were forced to think seriously about what this all adds up to. Often what they wanted or considered they had to have added up to more than their take-home pay. They seemed to want to get in 2 years what it may have taken their parents 25 years to accumulate.

What is being forecast for the next generation of young homemakers is largely more of everything. Unless unforeseen events take place, they are expected to have more education and higher incomes; and there will be still more things to tempt them to spend this money. They will be even more used to extraordinary technological developments than our young people are today. I believe that some of the aims listed for your Home Life Department are particularly pertinent--work that should be started today to build a wiser generation to cope with tomorrow's challenges. Let me read a few that I especially like.

"Consumer interest involves more than getting our money's worth for goods and services. It is an expression of the search for excellence in American life. The informed consumer helps direct our economy toward quality products and good taste and thus has an influence on more than price."

"Yet money is important too. Money and credit resources determine the level on which the family lives, the extent to which its

members can participate in American life. Money can be spent wisely or wasted foolishly. Youth must be trained to know the difference, to understand what money is worth, what credit is and how it works."

"We must work to establish consumer education as a basic program on the high school level in public schools--important because of the rise in youthful marriage."

(And let's get some economics into these programs!)

"Encourage women throughout the community to involve their own teenagers in planning the family budget, buying the family goods and groceries, and paying family bills . . ."

"Establish workshops or study groups for teenagers to teach them how to shop: how to compare ads and watch prices, how to read labels, how to plan and shop in quantities for days ahead, how to buy and how not to buy on credit."

In closing, I would like to quote the title of the talk to be given at tomorrow's General Session:

"WITH ALL THY GETTING, GET UNDERSTANDING"

There is need to "get" more understanding, more economic knowhow. This is where you can help immensely for you represent a group that can help provide such information, foster greater understanding, and have a unique opportunity to do so.